

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549



**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) September 26, 2005**

**CORNERSTONE BANCSHARES, INC.**

*(Exact name of registrant as specified in its charter)*

**Tennessee**

**000-30497**

**62-1175427**

*(State or other jurisdiction  
of incorporation)*

*(Commission  
File Number)*

*(I.R.S. Employer  
Identification No.)*

**5319 Highway 153, Chattanooga, Tennessee**

**37343**

*(Address of principal executive offices)*

*(Zip Code)*

**Registrant's telephone number, including area code (423) 385-3000**

*(Former name or former address, if changed since last report.)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

On September 19, 2005 Frank McDonald and Miller Welborn were elected to the Board of Directors of Cornerstone Bancshares and Cornerstone Community Bank a wholly owned subsidiary; both have broad experience and civic ties to the Chattanooga market.

The size of the non management Board will be increased from nine to eleven.

**Item 9.01 Financial Statements and Exhibits**

Exhibit 99.1 On September 21, 2005 Cornerstone Bancshares issued a press release.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CORNERSTONE BANCSHARES, INC.**

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(Registrant)

Date September 26, 2005

By: /s/ Nathaniel F. Hughes

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Nathaniel F. Hughes,  
President and Chief Operating Officer

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**Cornerstone Bancshares, Inc. Directors and New Earnings Guidance**

HIXSON, Tenn., Sept. 21 /PRNewswire-FirstCall/ -- Cornerstone Bancshares, Inc. (OTC Bulletin Board: CSBQ) today announced the following: Cornerstone Bancshares, Inc Board of Directors announced the appointment of two new directors to both the Corporation and Bank Boards. Frank S. McDonald and Miller Welborn have agreed to serve as directors. Mr. McDonald, the owner and operator of FMA Architecture & Interior Design for the past twenty years is a long time resident of the Chattanooga area and has family connections dating back seven generations. Active in the Chattanooga non-profits, Mr. McDonald has and is serving on several boards, which include, but not limited to, United Way, Allied Arts, Creative Discovery Museum and Chattanooga Regional History Museum. Mr. McDonald and his wife Sally reside with their two children on Lookout Mountain. Mr. Welborn, a recent resident of Chattanooga, has a background in the transportation industry and is currently the owner operator of Welborn and Associates Inc., a consulting agency. Mr. Wellborn is currently on the Board of Directors of the Federal Reserve of Atlanta, Birmingham Branch and also serves on several local non profit boards. Mr. Welborn and his wife Karen reside with their two children on Lookout Mountain.

Cornerstone's Board also announced an updated earnings projection for nominal EPS during 2005. EPS guidance has been increased from \$1.10 per share to \$1.25 per share. The increase is due to above budgeted commercial loan growth in the Bank's loan portfolio and an increased net interest margin that is currently at 5.4%. The elevated net interest margin is due to increased number of participated loan servicing fees and a timing difference between the Bank's repricing of assets and liabilities.

Cornerstone Bancshares, Inc. is a one-bank holding company serving the Chattanooga, Tennessee MSA with 5 branches and \$300 million in assets specializing in business financial services.

SOURCE Cornerstone Bancshares, Inc.

-0- 09/21/2005

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/Web site: <http://www.cscbank.com/>

(CSBQ)

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